

TEXAS DEPARTMENT OF INSURANCE  
EXEMPT FILING NOTIFICATION PURSUANT TO THE INSURANCE CODE  
CHAPTER 5, SUBCHAPTER L, ARTICLE 5.96

**ADOPTION OF AMENDMENTS TO THE FIRE SUPPRESSION RATING SCHEDULE  
TO ESTABLISH A NEW PUBLIC PROTECTION CLASSIFICATION AND ADOPTION  
OF CONFORMING AMENDMENTS TO THE TEXAS PERSONAL LINES MANUAL  
AND THE TEXAS STATISTICAL PLAN FOR RESIDENTIAL RISKS AND DELETION  
OF OUTDATED RATE CAPPING AND PREVIOUS KEY RATE REFERENCES IN THE  
TEXAS PERSONAL LINES MANUAL AND A TYPOGRAPHICAL CORRECTION TO  
THE TEXAS ADDENDUM TO THE FIRE SUPPRESSION RATING SCHEDULE**

The Commissioner of Insurance at a public hearing held August 22, 2001, at 9:30 a.m. under Docket No. 2489 in Room 100 of the William P. Hobby Jr. State Office Building, 333 Guadalupe Street, Austin, Texas adopted amendments proposed by Staff to the Fire Suppression Rating Schedule (FSRS) which would establish a new public protection classification, Class 8B, and further adopted conforming amendments to the Texas Personal Lines Manual and the Texas Statistical Plan for Residential Risks, and also deleted outdated rate capping and previous key rate references in the Texas Personal Lines Manual, and made a typographical correction to the Texas Addendum to the Fire Suppression Rating Schedule (Texas Addendum). Staff's petition was filed on July 9, 2001; notice of this petition (Reference No. P-0701-07-I) was published in the July 20, 2001, issue of the *Texas Register* (26 TexReg 5447).

The Commissioner adopted the proposal as noticed in the July 20, 2001, issue of the *Texas Register*, with clarification changes to the FSRS as follows: Subpart D was added to Item 201 in the FSRS to note that if the city has a combination of A, B, or C, which subparts set forth the facilities available in determining the method of applying the public fire suppression section, then multiple Public Protection Classifications may apply. This conforms to current practice of assigning multiple public protection classifications when warranted. Item 800 regarding the general application of the Class 8B Protection has been clarified to note that the city, "or part of the city," must not have a water system capable of delivering the fire flow as specified therein. Additional

**Adoption of Amendments to the Fire Suppression Rating**

**Schedule, the Texas Personal Lines Manual, the Texas Statistical Plan for Residential Risks, and the Texas Addendum**

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conforming changes were made to make the numerical calculations correspond with the deletion of the outdated references to rate capping factors in the example sections of the Homeowners Section VI. Rating Rules, B.2. and the Dwelling Section VI. Rating Rules, B.1. of the Texas Personal Lines Manual. The adopted rules: (1) revise the FSRS to establish the Class 8B Protection and set forth the criteria for eligibility for the new classification; (2) update the FSRS in its references to the new classification and re-number the items referencing the Class 9 Protection; (3) conform various sections of the Texas Personal Lines Manual and the Texas Statistical Plan for Residential Risks (Residential Statistical Plan) consistent with the establishment of the new Class 8B classification; (4) delete outdated rate capping and previous key rate references in the Texas Personal Lines Manual since the public protection classification system has been in effect long enough that the use of rate capping factors are no longer needed in property rating for insurance; and (5) make a typographical correction to the Texas Addendum.

**A. The adoption amends the FSRS as follows:**

(1) Add the requirements of eligibility for the new Class 8B Protection in re-numbered Items 800, 801, and 802 of the FSRS;

(2) Re-number the Class 9 Protection requirements as new Items 810, 811, and 812 of the FSRS;

(3) Amend Item 201 of the FSRS to reflect the references to the new and renumbered Items concerning Class 8B Protection and Class 9 Protection and to note that multiple public protection classifications may apply if a city has a combination of facilities.

**B.** Conforming amendments are adopted to the Texas Personal Lines Manual as follows:

(1) Homeowners Section VI. Rating Rules, A.2. Public Protection Classification Codes – add Class 8B and new code;

(2) Homeowners Section X. Rate Tables and Premium Charts. Homeowners -- Table B and Tenant Homeowners -- Table B -- add Class 8B and new factors;

(3) Dwelling Section VI. Rating Rules, A.2. Public Protection Classification Codes and C.1. Public Housing Modifications – add Class 8B and new code;

(4) Dwelling Section IX. Rate Tables and Premium Charts. Dwelling -- Table A - - add Class 8B and new factors.

**C.** Conforming amendments are adopted to the Residential Statistical Plan as follows:

(1) Coding Section (page 16) - add option "B" and note for PPC Code 8B.

(2) Premiums Section (page 6) - add option "B" and note for PPC Code 8B.

(3) Losses Section (page 3) - add option "B" and note for PPC Code 8B.

**D.** The adoption deletes the outdated references to rate capping factors and the previous key rate in the Texas Personal Lines Manual as follows:

(1) Homeowners Section VI. Rating Rules, B.1. – delete subsection d. and re-letter and conform subsection e;

(2) Homeowners Section VI. Rating Rules, B.2. – delete subsection d. and re-letter and conform subsection e and subsection f;

(3) Delete Homeowners Tables D-1 and D-2 and delete Tenant Homeowners Tables D-1 and D-2;

(4) Dwelling Section VI. Rating Rules, B.1. – delete Step 3 and re-number and conform Step 4 and Step 5.

(5) Delete Dwelling Tables C-1 and C-2;

(6) Delete incidental references to capping factors and the previous key rate in other rules and rating examples of the Texas Personal Lines Manual as more specifically set forth in Exhibit D referred to herein below;

E. The adoption makes a typographical correction to the Texas Addendum by adding a percentage symbol (%) to the denominator in the formula for the calculation of the Texas Addendum Credit.

A city's eligibility requirements for a Class 8B Protection classification consist of the following criteria:

- Meet the minimum FSRS criteria defined in Item 106, "Minimum Facilities for Applying This Schedule."
- Is eligible for a minimum credit of 5 points in the FSRS Item 400, "Receiving and Handling Fire Alarms."
- Is eligible for a minimum credit of 20 points in the FSRS Item 500, "Fire Department" and:
  - (1) responds with an average of 6 firefighters on first alarm responses to structure fires; and
  - (2) conducts a minimum of 24 hours of structural fire fighting training per year for each active firefighter.
- Is capable of delivering an uninterrupted minimum fire flow of 200 gpm for 20 minutes within 5 minutes of the first arriving engine company, and:

- (1) the primary responding fire department and automatic aid fire department(s) must be able to deliver the minimum fire flow; and
- (2) the minimum fire flow must be able to be delivered to at least 85% of the built-upon areas of the city.

The adopted amendments are more particularly set forth in the applicable portions of the FSRS that are attached hereto as Exhibit A and made a part hereof for all purposes; in the conforming amendments to the Texas Personal Lines Manual that are attached hereto as Exhibit B and made a part hereof for all purposes; in the conforming amendments to the Residential Statistical Plan that are attached hereto as Exhibit C and made a part hereof for all purposes; in the revised portions of the Texas Personal Lines Manual that have deleted the outdated capping factors and previous key rate references and that are attached hereto as Exhibit D and made a part hereof for all purposes; and in the typographical correction to the Texas Addendum that is attached hereto as Exhibit E and made a part hereof for all purposes.

The Commissioner of Insurance has jurisdiction over this matter pursuant to the Insurance Code, Articles 5.33, 5.96, 5.98, and 5.101

The amendments as revised and adopted by the Commissioner of Insurance are on file in the Chief Clerk's Office of the Texas Department of Insurance under Reference No. P-0701-07-I and are incorporated by reference into Commissioner's Order

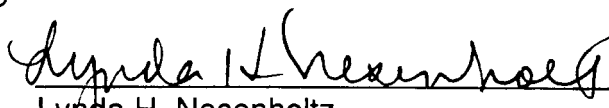
No. 01-0815

This notification is made pursuant to the Insurance Code, Article 5.96, which exempts it from the requirements of the Government Code, Chapter 2001 (Administrative Procedure Act).

Consistent with the Insurance Code, Article 5.96(h), the Department will notify the applicable entities of this adoption by letter summarizing the Commissioner's action.

This agency hereby certifies that the amendments as adopted have been reviewed by legal counsel and found to be a valid exercise of the agency's authority.

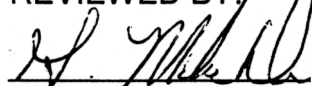
Issued in Austin, Texas on Aug 24, 2001.

  
Lynda H. Nesenholtz  
General Counsel and Chief Clerk  
Texas Department of Insurance

IT IS THEREFORE THE ORDER of the Commissioner of Insurance that amendments to the Fire Suppression Rating Schedule, the Texas Personal Lines Manual and the Texas Statistical Plan for Residential Risks, and the Texas Addendum to the Fire Suppression Rating Schedule, as described herein and set forth in the exhibits attached to this Order and incorporated into this Order by reference, be adopted and applicable to be effective on and after December 31, 2001

  
Jose Montemayor  
Commissioner of Insurance

REVIEWED BY:

  
G. Mike Davis  
State Fire Marshal

5.96 Adoption Notice/Order

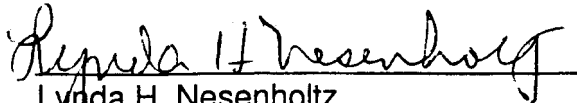
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ATTEST:



Lynda H. Nesenholtz

General Counsel and Chief Clerk

Texas Department of Insurance

COMMISSIONER ORDER NO.: 01-0815

AUG 24 2001

**SECTION I  
PUBLIC FIRE SUPPRESSION**

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**ITEM 201.  
APPLICATION**

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Item 201 is revised as follows:

**201. APPLICATION:**

The method of applying this Section is dependent upon the minimum facilities available for the fire department and for the water supply as outlined below:

- A. If the city has both of the following, Items 300 through 701 shall be applied:
  - 1. A piece of apparatus that has a pump with a rated capacity of 250 gpm or more at 150 psi.
  - 2. A water system capable of delivering 250 gpm or more for a period of 2 hours, plus consumption at the maximum daily rate at a fire location.
- B. If the city does **not** have the facilities outlined in A, but does have at least one piece of apparatus that has a pump with a capacity of 50 gpm or more at 150 psi and at least a 300-gallon water tank, Items 800 through 812 shall be applied.
- C. If the city does **not** have the facilities outlined in either A or B, the Schedule items do not apply and the city shall be assigned Public Protection Class 10.
- D. If the city has a combination of A, B, or C, multiple Public Protection Classifications may apply.



**SECTION I: PUBLIC FIRE SUPPRESSION**


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ITEMS 810, 811, 812 -- CLASS 9 PROTECTION  
 ITEMS 800, 801, 802 -- CLASS 8B PROTECTION

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Items 800, 801, 802 are renumbered 810, 811, 812 and new Items 800, 801, 802 are added as follows:

**CLASS 8B PROTECTION****GENERAL:**

This item reviews the fire suppression features in cities that comply with Items 106. Cities evaluated under this item must have at least one piece of apparatus meeting the general criteria of NFPA 1901, Automotive Fire Apparatus with a pump with a rated capacity of 250 gpm or more at 150 psi. Additionally the city, or part of the city, must not have a water system capable of delivering 250 gpm or more for a period of 2 hours plus consumption at the maximum daily rate at a fire location.

**CLASS 8B PROTECTION:****A. Receiving and Handling Fire Alarms**

Is eligible for a minimum credit of 5 points under Item 440 (CFA).

**B. Fire Department**

Is eligible for a minimum credit of 20 points under Item 590 (CFD).

- respond with an average of 6 firefighters on first alarm responses to structure fires
- conduct a minimum of 24 hours of structural fire fighting training per year for each active firefighter

**C. Water Supply**

The fire department is capable of delivering an uninterrupted fire flow of 200 gpm for 20 minutes beginning within 5 minutes of the first arriving engine company.

- deliver the minimum fire flow with only the primary responding fire department and automatic aid fire department(s)
- deliver the minimum fire flow to at least 85% of the built upon areas of the city

**CLASSIFICATION**

Class 8B shall apply when the city meets the criteria of Items 800 and 801. Refer to Item 810 for cities that do not qualify for Class 8B.

**CLASS 9 PROTECTION****810. GENERAL:**

This item reviews the Fire Department in cities which comply with Items 106 and 201.B, but where Items 300 to 701 do not apply.

**811. CLASS 9 PROTECTION:****A. Apparatus:****EXHIBIT A**

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**ADOPTED AMENDMENTS EFFECTIVE ON AND AFTER DECEMBER 31, 2001**

The fire department shall have at least one piece of apparatus meeting the general criteria of NFPA 1901, Automotive Fire Apparatus. The apparatus shall have a permanently-mounted pump capable of delivering 50 gpm or more at 150 psi, and a water tank with at least a 300-gallon capacity.

**B. Records:**

1. Records should indicate date, time and location of fires, the number of responding members, meetings, training sessions, and maintenance of apparatus and equipment. A roster of fire department members should be kept up-to-date.

Points  
Credit

10

**C. Equipment:**

The following equipment should be provided:

- |  |    |
|--|----|
| 1. At least two 150-foot lengths of ¾- or 1-inch fire department booster hose, 1½-inch pre-connected hose, or the equivalent, each with a nozzle capable of discharging either a spray or a straight stream.         | 30 |
| 2. Two portable fire extinguishers suitable for use on Class A, B and C fires. The minimum size should be 20 BC rating in dry chemical, 10 BC rating in CO <sub>2</sub> , and 2A rating in water-type extinguishers. | 4  |
| 3. One 12-foot ladder with folding hooks.  | 10 |
| 4. One 24-foot extension ladder.   | 15 |
| 5. One pick-head axe.  | 1  |
| 6. Two electric hand lights.   | 4  |
| 7. One pike pole.  | 2  |
| 8. One bolt cutter.  | 2  |
| 9. One claw tool.  | 1  |
| 10. One crowbar.   | 1  |

The total value from above shall be reduced 2 points for each 10% that the apparatus exceeds the manufacturer's gross vehicle weight rating.

**Note:** Apparatus weighing in excess of street or bridge loading maximums may cause a reduction in the credited response area.

The criteria, specifications and tools listed above are each important in establishing Class 9 protection. However, the specific size and nomenclature of each individual subitem may be subject to local conditions in the city graded. Equipment having other names, or different dimensions, than indicated in the apparatus specifications shall be credited as a proportional equivalent to the required equipment according to its ability to perform similar fire ground jobs.

**812. CLASSIFICATION:**

Class 9 shall apply when the city meets the criteria of Items 106 and 201.B, and the Fire Department receives 70 or more points credit in Item 811. Cities where the Fire Department receives less credit shall be Class 10.

**EXHIBIT A**

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**ADOPTED AMENDMENTS EFFECTIVE ON AND AFTER DECEMBER 31, 2001**

**Texas Personal Lines Manual**

## Homeowners Section

**VI. RATING RULES****A. Rating Classifications****2. Public Protection Classification Codes**

<b>Protection Class</b>	<b>Code</b>
1	1
2	2
3	3
4	4
5	5
6	6
7	7
8	8
8B	B
9	9
10	A

**X. RATE TABLES AND PREMIUM CHARTS**

**HOMEOWNERS – TABLE B**  
**Protection Class / Construction Factors**

<b>Public Protection Class</b>	<b>Type of Construction</b>			
	<b>Brick</b>	<b>Brick Veneer</b>	<b>Asbestos Clad &amp; Stucco</b>	<b>Frame</b>
1	0.86	0.90	0.91	1.08
2	0.86	0.90	0.91	1.08
3	0.94	0.98	.099	1.18
4	0.96	1.00	1.01	1.20
5	1.00	1.05	1.06	1.26
6	1.05	1.10	1.11	1.32
7	1.10	1.15	1.16	1.38
8	1.15	1.20	1.21	1.44
8B	1.17	1.22	1.35	1.70
9	1.18	1.23	1.49	1.95
10	1.20	1.25	1.52	1.98

**TENANT HOMEOWNERS – TABLE B**  
**Protection Class / Construction Factors**

Public Protection Class	Type of Construction			
	Brick	Brick Veneer	Asbestos Clad & Stucco	Frame
1	0.91	0.90	1.05	1.15
2	0.91	0.90	1.05	1.15
3	0.99	0.98	1.15	1.26
4	1.01	1.00	1.17	1.28
5	1.06	1.05	1.23	1.35
6	1.11	1.10	1.29	1.41
7	1.16	1.15	1.35	1.48
8	1.21	1.20	1.40	1.54
8B	1.23	1.22	1.42	1.56
9	1.24	1.23	1.43	1.57
10	1.26	1.25	1.46	1.60

**Texas Personal Lines Manual**

## Dwelling Section

**VI. RATING RULES****A. Rating Classifications****2. Public Protection Classification Codes**

<b>Protection Class</b>	<b>Code</b>
1	1
2	2
3	3
4	4
5	5
6	6
7	7
8	8
8B	B
9	9
10	A

**C. Additional Premium Modifications****1. Public Housing Modifications**

The following modifications shall apply to the building fire and extended coverage premiums.

<b>CONSTRUCTION TYPE</b>	<b>FIRE</b>	<b>EC *</b>
Frame Protection Class 1-8	Deduct 62%	Deduct 40%
Frame Protection Class 8B, 9, 10	Deduct 74%	Deduct 40%
Brick Protection 1-8	Deduct 9%	Deduct 40%
Brick Protection 8B, 9, 10	Deduct 39%	Deduct 40%
Fire Resistant & Semi-Fire Resistant Protection Class 1-8	Add 31%	Deduct 40%
Fire Resistant & Semi-Fire Resistant Protection Class 8B, 9, 10	Deduct 75%	Deduct 40%

*\* The credit is to be applied after application of the proper territorial multiplier or low value factor.*

## IX. Rate Tables and Premium Charts

## DWELLING – TABLE A

1-Year Base Fire Rates for Buildings or Contents per \$1,000 of Coverage

Public Protection Class	Type of Construction			
	Brick	Brick Veneer	Asbestos Clad & Stucco	Frame
1	0.36	0.43	0.94	1.41
2	0.36	0.43	0.94	1.41
3	0.49	0.58	1.30	1.91
4	0.57	0.68	1.50	2.22
5	0.59	0.71	1.56	2.32
6	0.71	0.86	1.91	2.81
7	0.82	0.98	2.19	3.22
8	0.96	1.13	2.51	3.73
8B	1.02	1.18	2.63	4.00
9	1.07	1.22	2.75	4.27
10	1.21	1.37	3.09	4.81

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**EXHIBIT C**

**REVISIONS TO THE TEXAS STATISTICAL  
PLAN FOR RESIDENTIAL RISKS**

**(3 PAGES)**

**ADOPTED AMENDMENTS EFFECTIVE ON  
AND AFTER DECEMBER 31, 2001**

PROTECTION ISO PUBLIC PROTECTION CLASS (PPC)

Report the ISO PPC if Key Rate is not used

CODES - 1, 2, 3, 4, 5, 6, 7, 8, 9, A, B

Report A for PPC = 10

Report B for PPC = 8B



COLUMNS	CODES	TYPE OR DESCRIPTION
56		<b>PROTECTION - ISO PUBLIC PROTECTION CLASS (PPC)</b>
	1	
	2	
	3	
	4	Code actual ISO PPC used to rate the risk.
	5	Code PPC = 10 as "A".
	6	Code PPC = 8B as "B".
	7	
	8	
	9	
	A	
	B	

COLUMNS	CODE	TYPE OR DESCRIPTION
43-45 (CO)	*	<b>COMPANY NUMBER</b> As per original premium coding. For specific codes refer to Premium Coding Guidelines.
46-49	*	<b>SKIP</b>
50 (F)	*	<b>FORM</b> As per original premium coding. For specific codes refer to Premium Coding Guidelines.
51 (FM)	*	<b>NUMBER OF FAMILIES</b> As per original premium coding. For specific codes refer to Premium Coding Guidelines.
52 (CV)	*	<b>COVERAGE – OCCUPANCY</b> As per original premium coding. For specific codes refer to Premium Coding Guidelines.
53 (CT)	*	<b>CONSTRUCTION</b> As per original premium coding. For specific codes refer to Premium Coding Guidelines.
54 (KR)	*	<b>PROTECTION - KEY RATE</b> As per original premium coding. For specific codes refer to Premium Coding Guidelines.
55 (PW)	*	<b>SKIP</b>
56		<b>PROTECTION - ISO PUBLIC PROTECTION CLASS (PPC)</b>
	1	
	2	
	3	
	4	Code actual ISO PPC used to rate the risk.
	5	Code PPC = 10 as "A".
	6	Code PPC = 8B as "B".
	7	
	8	
	9	
	A	
	B	

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**EXHIBIT D**

**DELETIONS OF  
OUTDATED RATE CAPPING AND  
PREVIOUS KEY RATE REFERENCES  
IN THE  
TEXAS PERSONAL LINES MANUAL**

**(20 PAGES)**

**ADOPTED AMENDMENTS EFFECTIVE ON  
AND AFTER DECEMBER 31, 2001**

## 3. Determination of Public Protection Class

The Public Protection Classes approved by the Texas Department of Insurance and listed in the Public Protection Class Manual apply to risks insured under Texas Residential Property Programs.

- The approved protection class indicated in the manual shall apply to a municipality or classified area where a uniform class of fire protection is available. (5, 6, 7, etc.)
- In a municipality or classified area where two or more approved classifications are shown (i.e. 6/9), the classification code shall be determined as follows:

Distance to Responding Fire Station	Class
5 road miles or less with hydrant within 1,000 feet	Use first protection class listed in manual (e.g. 6/9 would use Class 6)
5 road miles or less with hydrant beyond 1,000 feet	Class 9
Over 5 road miles	Class 10

- All other properties are Class 10.

## B. Determination of Basic Premium

## 1. Basic Premium for HO-A, B, C is determined as follows:

- Using the appropriate territory and Texas Homeowners Form, determine the base premium from Homeowners - Table A.
- Using the applicable protection class and construction class (See Rule VI.A.1), determine the appropriate Protection/Construction factor from Homeowners - Table B.
- Using the Limits of Liability for Coverage A (Dwelling) and Coverage B (Personal Property), determine the appropriate Amount of Insurance factor from Homeowners - Table C.

- Multiply the appropriate Protection/Construction factor times the Amount of Insurance factor times the base premium to determine the basic benchmark premium according to Rate & Premium Computation Rule VLM.1.

Example: Brick Home, Form HO-A, Territory 10, PPC = 6,  
Coverage A Amount of Insurance = \$135,000, Coverage B Amount of Insurance = \$54,000.

Homeowners Base Premium	\$ 114
Multiply by Protection/Construction Factor	<u>x 1.05</u>
(round to 3 decimals)	119.700
Multiply by Amount of Insurance Factor	<u>x 5.835</u>
(round to 3 decimals)	698.450

Basic Benchmark Homeowners Premium \$698.450

Refer to page 15 for an additional example of rating.

## 2. Basic Premium for Tenant Homeowners &amp; Condominium Forms is determined as follows:

- Using the appropriate territory and Texas Tenant Form, determine the base premium from Tenant Homeowners - Table A.
- Using the applicable protection class and construction class (See Rule VI.A.1), determine the appropriate Protection/Construction factor from Tenant Homeowner - Table B.
- Using the Limits of Liability for Coverage B (Personal Property), determine the appropriate Amount of Insurance factor from Tenant Homeowners - Table C.

- Multiply the appropriate Protection/Construction factor times the Amount of Insurance factor times the base premium to determine the basic benchmark premium according to Rate & Premium Computation Rule VLM.1.
- For a building with a single entrance to be used by more than four families, see Premium Chart No. 39 for the applicable premium charge to be added to the basic benchmark premium before the application of the flex factor.

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## HOMEOWNERS

## TEXAS PERSONAL LINES MANUAL

Example: Frame Apartment, Form HO-BT, Territory 7, PPC = 8,  
Coverage  
B Amount of Insurance = \$25,000.

Tenant Homeowners Base Premium \$ 57  
Multiply by Protection/Construction Factor  $\times 1.54$   
(round to 3 decimals) 87.780  
Multiply by Amount of Insurance Factor  $\times 1.91$   
(round to 3 decimals) 167.660

Basic Benchmark Tenants Premium \$167.660

If a charge for a single entrance to be used by more than  
four families is to be applied:

Single Entrance Charge \$15.81  
Basic Benchmark Tenants Premium including  
Single Entrance Charge<sup>o</sup> (167.660 + 15.81) \$183.470

## C. Optional Homeowners Credits

- ★ The following credits may be applied to recognize special characteristics of a risk that are not fully reflected in the basic premiums. The credits are to be applied separately to the basic premium.

NOTE: All individual credits shown below are maximum. Companies may allow up to but not exceeding the individual maximum credit shown for each item. Exception to Note: The credit shown for stove-top fire suppression devices is a fixed credit and may not be reduced by the companies.

## 1. Credits

- a. Protection, not otherwise recognized or qualifying under rules of this manual.

## (1) Fire, Smoke or Burglar Alarm Systems:

- (i) Central Station ..... 12%  
(ii) Remote Alarm ..... 10%  
(iii) Local Alarm ..... 2%

## (2) Automatic Sprinkler Systems - when automatic sprinklers are in all areas of the risk except bathrooms, attics, closets or attached structures ... 8%

## (3) Combination Fire/Smoke/Burglar Alarms and Fire/Smoke Alarm

Burglar Alarms	Fire and Smoke Alarms		
	Central	Remote	Local
Central	15%	15%	14%
Remote	15%	15%	12%
Local	14%	12%	4%

## (4) Fire Extinguishers - approved by recognized testing laboratory and maintained on an annual basis (One extinguisher per 2,000 square feet or fraction thereof) ..... 2%

## (5) Home Security Devices ..... 5%

## (6) Personal Property Identification ..... 5%

Permanent Identification of Personal Property meeting the following criteria:

- (a) Personal Property must be marked with a visible identifiable number.

- (b) The identification number must be an eight digit number preceded by TX and followed by either DL denoting the owner's Texas drivers license number or TI denoting the owner's Texas Identification Card number.

- (c) The following personal property must be permanently marked or photographed as indicated.

Items to be marked:		Items to be photographed (color only):
1. VCR Players	9. Long Guns	1. Jewelry
2. Stereos	10. Telephones	2. Silverware
3. Computers	11. Microwave Ovens	3. Crystal
4. Television Sets	12. Power Tools	4. Coin Collection
5. Hand Guns	13. Hand Tools	5. Furniture
6. Cameras	14. Lawn Tools	6. Antique Clocks
7. Camcorders	15. Lawn Mowers	7. Antique Furniture
8. Video Game Machines	16. Fax Machines	8. Ancestral Items

- (d) All photographs or reproductions of items must be in color. These may be photographic prints, slides or video tapes.

- (e) The insured residence will have external stickers or signs that are visible from the outside, that indicate that the personal property contained inside the residence has been permanently marked.

- (f) Verification of compliance with the identification of property is subject to individual insurer requirements, however, verification by a crime prevention inspector of a local law enforcement division will be considered an acceptable verification of compliance.

## (7) Water Supply Points (Dry Hydrants) ..... Up to 10%

In recognition of credit for fire protection, a dry hydrant must meet the following standards:

- (a) Water supply points shall be designed and certified by a Texas registered professional engineer, or by a registered hydrologist, geologist, or soil conservationist, to provide a minimum of 30,000 gallons of water during a drought with a average 50 year cycle or an insurer may accept a lesser standard.

- (b) Risk must be located in an area with protection class 9 or 10 and within 1,000 feet of the supply point and within 5 miles of the responding fire station.

- (c) Responding fire apparatus must have drafting capability.

- (d) The responding fire department must verify, on an annual basis, that the supply point is operational, maintained, and accessible to fire apparatus at all times.

*Step 1. Determine the premium for the old total amount of insurance using premium at current rates and current protection class;*

*Step 2. Determine the premium for the new total amount of insurance using premium at current rates and current protection class;*

*Step 3. Subtract the premium determined in Step 1 from that determined in Step 2 and pro rate the difference. The result will be the additional premium to be charged for the increase in amount.*

2. If the Homeowners Policy has been previously endorsed for a change in hazard but not for a change in amount, follow steps 1, 2 and 3 in paragraph #1 of this rule.

3. If during the term of a policy written on a percentage deductible basis, the limit of liability for Coverage A (Dwelling) Coverage B (Personal Property) on Tenants Policies and Condominium Policies is changed and the new limit of liability produces a dollar deductible amount that is different from the amount shown on the declarations page of the policy, the new Deductible amount(s) must be shown on an amended declarations page.

**J. Change in Hazard (Computation of Premium Adjustment)**

1. If the Homeowners Policy has not been previously endorsed for change in amount or for change in hazard:

*Step 1. Determine the premium for the old hazard, using premium at current rates, and public protection class applicable before the change in hazard.*

*Step 2. Determine the new premium for the policy, using premium at current rates, and public protection class applicable after the change in hazard.*

*Step 3. Subtract the premium determined in Step 1 from that determined in Step 2 and pro rate the difference. The result will be the additional or return premium to be charged or credited for the change in hazard.*

2. If the Homeowners Policy has been previously endorsed for change in amount but not for change in hazard, follow steps 1, 2 and 3 in paragraph #1 of this rule.

3. If the policy has been previously endorsed for both a change in amount and a change in hazard, follow Steps 1, 2, and 3, in paragraph #1 of this rule.

**K. Reduction in Homeowners Premium - Home Security Devices**

1. A premium reduction of 5% for homeowners insurance is applicable in accordance with Section 6.a(1), Article 5.33A of the Texas Insurance Code.

2. A premium reduction of 15% for homeowners insurance is applicable in accordance with Section 6.a(2), Article 5.33A of the Texas Insurance Code.

3. These reductions are to apply to the total homeowners premium. If a risk qualifies under both sections, the credits are to be applied separately. Existing policies may be endorsed to reflect these reductions in accordance with rules of this Homeowners Manual.

4. The above premium reductions apply only to those homeowners policies for which a valid Premium Reduction Certificate has been issued for the risk.

**NOTE:** For auditing purposes, companies must indicate on the declarations page "Premium Reduction Certificate Applicable", and indicate which section or sections are applicable.

**L. Reduction in Homeowners Premium - Automatic Sprinkler System**

1. A premium reduction of 8% for homeowners insurance is applicable in accordance with Section 4., Article 5.33B of the Texas Insurance Code.

2. These reductions are to apply to the total homeowners premium. Existing policies may be endorsed to reflect these reductions in accordance with rules of this Homeowners Manual.

3. The above premium reductions apply only to those homeowners policies for which a valid Residential Fire Protection Sprinkler System Certificate has been issued for the risk.

**NOTE:** For auditing purposes, companies must indicate on the declarations page "Residential Fire Protection Sprinkler System Certificate Applicable".

**M. Rate and Premium Computation Rule**

1. Premium Computation: Calculate the premium for each peril, coverage and exposure for which a separate premium is shown on the policy, regardless of the term of the policy, as follows:

a. Begin with the base premium from Homeowners Table A.

• For new policies, use the base premium in effect on the policy inception date.

• For renewal policies, use the base premium in effect on the policy renewal effective date.

b. Basic Premium

(1) Multiply the protection/construction factor, amount of insurance factor, and flex factor consecutively times the base premium.

(2) Round the result of each calculation in step b.1. (as marked by an asterisk \* in the example) to the third decimal place. Five tenths or more of a mill shall be considered one mill. (Example: \$0.1245 = \$0.125)

(3) Round the resulting basic policy premium determined in step b.1. to the nearest whole dollar. Five hundred mills or more shall be rounded to the next higher dollar. (Example: \$100.500 = \$101.000, but \$100.499 = \$100.000)

c. Other Premiums shown separately on the policy

(1) Apply factors consecutively.

(2) Round the result of each premium calculation step (as marked by an asterisk \* in the example) to the third decimal place. Five tenths or more of a mill shall be considered one mill. (Example \$0.1245 = \$0.125)

(3) Round each resulting premium shown separately on the policy to the nearest whole dollar. Five hundred mills or more shall be rounded to the next higher dollar. (Example: \$100.500 = \$101.00, but \$100.499 = \$100.00)

d. Apply any pro rata factor or policy term factor before rounding the resulting basic policy premium or any other resulting premium shown separately on the policy.

## 2. Rate Calculations

a. Factors or multipliers which are applied to rates shall be applied consecutively and not added together.

b. Round the result of each step of the rate calculation to three decimal places. Five-tenths or more of a mill shall be considered one mill. (Example:  $0.1245 = 0.125$ )

### EXAMPLE:

Homeowners premium based on a Homeowners Form B, Brick Veneer Construction, Replacement Cost for Personal Property, current Protection Class 6, Territory 9, Increased Limit of Liability Section II, plus 5% flex and \$250.00 deductible with Optional Credits for Central Station Burglar Alarm, Senior Citizen Discount and Increased Limits of Jewelry, using the benchmark premiums and rates and rating factors in effect as of February 1, 1998:

Coverage A	\$100,000
Coverage B	60,000
Coverage C	300,000
Coverage D	500
Jewelry	3,000

### COVERAGE A & COVERAGE B

Base Premium	\$231.00
Protection/Construction Factor	$\times 1.100$
	\$254.100*

Calculation of Amount of Insurance Factor (for \$20,000 Increased Coverage B):

$20 \times 0.015 = 0.300$ (0.015 per \$1000)	
+ 4.886 (HO Table C: \$100,000/40,000 Factor)	
4.886 (\$100,000/60,000 Factor)	$\times 4.886$
	\$1241.533*

Coverage A & B Benchmark Basic Premium	\$1241.533*
Flex	$\times 1.05$
	\$1303.610*
Total Basic Premium (Rounded)	\$1304.00

### DEDUCTIBLE

Deductible Adjustment Clause 1 (11%)	
(\$1304.00 $\times$ 0.11 = 143.440*) Round	$\pm \$143.00$
	\$1447.00

Deductible Adjustment Clause 2 (15%)

(\$1304.00 $\times$ 0.15 = 195.600*) Round	$\pm \$196.00$
	\$1643.00

### OTHER COVERAGES & ENDORSEMENTS

Endorsement HO-101 (5%)	
(\$1304.00 $\times$ 0.05 = 65.200*) Round	$\pm \$65.00$
	\$1708.00

Endorsement HO-110 (\$1.14 per \$100 of increase times flex percent) (\$1.14  $\times$  25  $\times$  1.05 flex = 29.925\*) Round

$\pm \$30.00$
\$1738.00

Increased Liability Limits  
(\$5.71  $\times$  1.05 flex = 5.996\*) Round

$\pm \$6.00$
\$1744.00

### CREDITS

Central Station Burglar Alarm (12% credit)	
(\$1304.00 $\times$ 0.12 = 156.480*) Round	$\pm \$156.00$
	\$1588.00

Senior Citizen (5% credit)

(\$1304.00 $\times$ 0.05 = 65.200*) Round	$\pm \$65.00$
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Total Policy Premium	\$1523.00
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## N. Mandatory Roof Covering Credits

1. Residential roof coverings meeting the impact resistance of the Underwriters' Laboratories testing criteria of U. L. Standard 2218 are eligible for the following mandatory credits to be applied to the basic homeowners premium:

Territory	Class 1 Credit	Class 2 Credit	Class 3 Credit	Class 4 Credit
9	1%	2%	3%	4%
1,8,10,11	2	4	5	7
7	4	8	12	15
5,6,13,14,17	4	9	13	17
2,4	6	12	17	23
12,16C,19C,19N	7	14	21	28
3	9	17	26	34
15C,15N,16N,18,20	9	17	26	35

The roof covering credit and applicable premium credit applied must be shown on the declarations page of the policy. The above credits reduce the basic premium and are applied before any other adjustments to the basic premium.

Credits apply only on policies insuring a risk that replacement of the existing roof covering on a residence is with a new roof covering(s) meeting U.L. Standard 2218 or is new residential construction which includes the installation of a roof covering meeting U.L. Standard 2218.

The credits outlined in the table in item N-1 will be reviewed at such time as credible statistical data becomes available but not later than 5 years from the effective date of the implementation of the credits. The credits may be modified if the statistical data indicates modifications are needed.

Note: Other impact or hail resistance testing standards approved by the Texas Department of Insurance may be substituted for the U.L. Standard 2218. Testing to U.L. Standard 2218 or other acceptable standards may be accomplished by a testing facility recognized and approved by the Texas Department of Insurance based on standards for testing laboratories adopted by the Department.

2. A certificate of installation, promulgated by the Texas Department of Insurance, must be provided to the policyholder by the installer of the roof covering. All information on the certificate must be completed and signed by the individual responsible for the installation of the roof covering.

3. A policyholder may present the certificate of installation to an insurer for the application of the mandatory credit as provided in item N-1. Presentation of a certificate of installation does not preclude an insurer from inspecting risk for verification of roof covering installation.
4. Product Labeling. In order for mandatory roof covering credits to be applicable to homeowners insurance, roof coverings meeting U.L. Standard 2218 or any other test standard for impact resistance approved by TDI which are installed on and after January 1, 1999 must meet the following labeling requirements. All individual shingles, tiles, shakes, panels, sheets, etc., of roof coverings must bear the Underwriters' Laboratories label or the label of a testing laboratory approved by TDI indicating the classification of the product under U.L. Standard 2218 and the manufacturer's name, the year manufactured and the brand name. For roof coverings meeting U.L. Standard 2218 which are installed prior to January 1, 1999, only the package containing the roof covering products is required to be labeled. The package must bear the Underwriters' Laboratories label or the label of a testing laboratory approved by TDI indicating the classification of the product under U.L. Standard 2218 and the manufacturer's name, the year manufactured and the brand name. For roof coverings meeting U.L. Standard 2218 which are installed prior to January 1, 1999, only the package containing the roof covering products is required to be labeled. The package must bear the Underwriters' Laboratories label or the label of a testing laboratory approved by TDI indicating the classification of the product under U.L. Standard 2218 and the manufacturer's name, the year manufactured and the brand name.
5. It shall be optional with insurers to provide credits for impact resistant roof coverings installed prior to February 17, 1998. The optional credits given for impact resistant roof coverings installed prior to February 17, 1998 shall be within the range of credits outlined in the table in item N-1. Insurers may request from insureds, who apply for this optional credit, information regarding the installation of the impact resistant roof covering including but not limited to the date of installation, verification of the installation, and type of impact resistant roofing material installed. Any roof covering that is replaced on or after February 17, 1998 shall meet U.L. Standard 2218 in order for the property owner to receive the credit.
6. The credits program with its certification process is solely for the purpose of enabling residential property owners to obtain a reduction in their residential insurance premium and it is not intended by the Department to require or create any type of express or implied warranty by the manufacturer, supplier, or installer.
7. Endorsement HO-145, Exclusion of Cosmetic Damage to Roof Coverings Caused by Hail, is an optional endorsement which may be attached only to a policy insuring a risk eligible and receiving premium credit for the installation of an impact resistant roof covering in order to exclude cosmetic damage caused by hail.
  - a. Endorsement HO-145 may be attached at the inception date of a new policy, the inception date of a renewal policy or during the term of the policy on the date a roof covering premium credit is applied to the policy.
  - b. Endorsement HO-145 must be signed by the insured before attachment to a policy. The endorsement is void unless signed by the insured. An insurer shall be permitted to attach to a policy a facsimile copy,

photocopy or electronic record copy of the endorsement executed by the named insured. A signature is not required on the endorsement attached to the policy if the insurer maintains on file either the original endorsement executed by the insured or a photocopy, microfilm copy, or electronic record copy of the original endorsement executed by the insured.

- c. If a risk is eligible to receive a premium credit for the installation of an impact resistant roof covering, but the insured declines to sign for the attachment of the Endorsement HO-145, the insurer may offer to issue the policy without the application of a mandatory or optional roof covering credit. ★
- d. An insurer must inform a consumer of the possibility that cosmetic loss or damage may be excluded from the policy in the event any loss occurs to a roof and the damaged roof is replaced with a hail resistant roof covering.

**EXAMPLE: (Roof Credit Applicable)**

Homeowners premium based on a Homeowners Form B, Brick Veneer Construction, Class 2 Roof Covering, Replacement Cost for Personal Property.

Current Protection Class 6, Territory 9, Increased Limit of Liability Section II, plus 5% tax and \$250.00 deductible with Optional Credits for Central Station Burglar Alarm, Senior Citizen Discount and Increased Limits of Jewelry, using the benchmark premiums and rates and rating factors in effect as of February 1, 1996:

Coverage A	
Coverage B	\$100,000
Coverage C	60,000
Coverage D	300,000
Jewelry	500
	3,000



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## TEXAS PERSONAL LINES MANUAL

## HOMEOWNERS

## COVERAGE A &amp; COVERAGE B

Base Premium	\$231.00
Protection/Construction Factor	<u>x 1.100</u>
	\$254.100*

Calculation of Amount of Insurance Factor (for \$20,000 Increased Coverage B):

$20 \times 0.015 = 0.300$ (0.015 per \$1000)	
+4.586 (HO Table C; \$100,000/40,000 Factor)	
4.886 (\$100,000/60,000 Factor)	<u>x 4.886</u>
	\$1241.533*

Coverage A & B Benchmark Basic Premium	\$1241.533*
Roof Covering Credit (2%)	1216.702
Flex	<u>x 1.05</u>
	\$1277.537
Total Basic Premium (Rounded)	\$1278.00

## DEDUCTIBLE

Deductible Adjustment Clause 1 (11%)	
$(\$1278.00 \times 0.11 = 140.580^*)$ Round	<u>+ \$141.00</u>
	\$1419.00

Deductible Adjustment Clause 2 (15%)	
$(\$1278.00 \times 0.15 = 191.700^*)$ Round	<u>+ \$192.00</u>
	\$1611.00

## OTHER COVERAGES &amp; ENDORSEMENTS

Endorsement HO-101 (5%)	
$(\$1278.00 \times 0.05 = 63.900^*)$ Round	<u>+ \$64.00</u>
	\$1675.00

Endorsement HO-110 (\$1.14 per \$100 of increase times flex percent)	
$(\$1.14 \times 25 \times 1.05 \text{ flex} = 29.925^*)$ Round	<u>+ \$30.00</u>
	\$1705.00

Increased Liability Limits	
$(\$5.71 \times 1.05 \text{ flex} = 5.996^*)$ Round	<u>+ \$ 6.00</u>
	\$1711.00

## CREDITS

Central Station Burglar Alarm (12% credit)	
$(\$1278.00 \times 0.12 = 153.360^*)$ Round	<u>\$153.00</u>
	\$1558.00

Senior Citizen (5% credit)	
$(\$1278.00 \times 0.05 = 63.900^*)$ Round	<u>- \$64.00</u>
Total Policy Premium	\$1493.00

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## VII. RATING EXAMPLES

## EXAMPLE PREMIUM CALCULATION FOR TEXAS FORM HO-B

## Example #1

## Policy Information

Coverage	Limits
Coverage A - Dwelling	\$100,000
Coverage B - Contents	\$60,000
Coverage C - Personal Liability	\$300,000
Coverage D - Medical Payments	\$1,000

Deductible	Amount
Deductible No. 1 - Wind & Hail	\$250
Deductible No. 2 - Other than Wind & Hail	\$250

Endorsements	Surcharge
HO-101 - Replacement Cost	+5.0%
HO-110 - Increased Jewelry Coverage	\$3,000
HO-330 - Claims Surcharge	+5.0%

Optional Credits	Credit
Central Station Alarm	-12.0%
Senior Citizen	-5.0%

## Rating Information

Construction Type	BV
Protection Class	6
Territory	9
Flex Percentage	+5.0%
Policy Term	1 year

## Basic Premium Calculation

Basic Premium (HO Table A)		\$222,000
Protection/Construction Factor (HO Table B)	$\times 1.100$	
	(round to three decimals)	\$244,200
Amount of Insurance Factor (HO Table C)	$\times 4.886$	
	(see below)	
	(round to three decimals)	\$1,193.161
Basic Benchmark Premium	(round to three decimals)	\$1,193.161
Flex Percent Factor	$\times 1.05$	
	(round to three decimals)	\$1,252.819

Basic Premium (Rounded) \$1,253

## Amount of Insurance Factor

Each Additional 1,000 Coverage B Factor (HO Table C)	0.015
Increased Coverage B from 40,000 to 60,000 (in 000's)	$\times \underline{20}$
	(round to three decimals) 0.300
100,000/40,000 Amount of Ins. Factor (HO Table C)	$\div \underline{4.886}$
Amount of Insurance Factor for 100,000/60,000	4.886

## Deductible Adjustments (Deductible Nos. 1 &amp; 2)

Basic Premium		\$1,253.000
Deductible No. 1 Adjustment Factor		<u>x 0.110</u>
	(round to three decimals)	\$137.830
Deductible No. 1 Adjustment (Rounded)		\$138
Basic Premium		\$1,253.000
Deductible No. 2 Adjustment Factor		<u>x 0.150</u>
	(round to three decimals)	\$187.950
Deductible No. 2 Adjustment (Rounded)		\$188

## EXAMPLE PREMIUM CALCULATION FOR TEXAS FORM HO-BT

(Apartment)

★ Example #2

## Policy Information

Coverage	Limits
Coverage B - Contents	\$65,000
Coverage C - Personal Liability	\$300,000
Coverage D - Medical Payments	\$1,000
Deductible	Amount
Deductible No. 3 - All Perils	\$250
Endorsements	Surcharge
HO-101 - Replacement Cost	+15.0%
HO-110 - Increased Jewelry Coverage	\$3,000
HO-330 - Claims Surcharge	+5.0%
Optional Credits	Credit
Senior Citizen	-5.0%
Other Information	
Single Entrance to Building used by more than four families	
Not an FR/SFR/Sprinkler Risk	

## Rating Information

Construction Type	BV
Protection Class	6
Territory	9
Flex Percentage	+5.0%
Policy Term	1 year

## Basic Premium Calculation

Basic Premium (Tenants Table A)		\$54,000
FR/SFR Factor		$\times 1.000$
	(round to three decimals)	\$54,000
Protection/Construction Factor (Tenants Table B)		$\times 1.100$
	(round to three decimals)	\$59,400
Amount of Insurance Factor (Tenants Table C)	(see AOI calculation)	$\times 5.050$
	(round to three decimals)	\$299,970
Single Entrance Surcharge (Premium Chart No. 39)		$+ \$15,550$
Basic Benchmark Premium	(round to three decimals)	\$315,550
Flex Percent Factor		$\times 1.05$
	(round to three decimals)	\$331,328
Basic Premium (Rounded)		\$331

## Amount of Insurance Factor

Each Additional 1,000 Coverage B Factor (Tenants Table C)		0.080
Increased Coverage B from 40,000 to 65,000 (in 000's)		$\times 25$
	(round to three decimals)	2.000
40,000 Amount of Ins. Factor (Tenants Table C)		$+ 3.050$
Amount of Insurance Factor for 65,000		5.080

## Deductible Adjustments (Deductible No. 3)

Basic Premium		\$331,000
Deductible No. 3 Adjustment Factor		$\times 0.050$
	(round to three decimals)	\$16,550
Deductible No. 3 Adjustment (Rounded)		\$17

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## ★ EXAMPLE OF HO-140 PREMIUM REDUCTION FOR HOMEOWNERS POLICY

## ★ Example #3A

Assumptions:	HO-B	Brick Veneer	Territory 9	Protection Class 6	Flex +5%
Coverage A (Dwelling)					\$100,000
Coverage B (Personal Property)					\$60,000
Deductible Clause 1					\$250
Deductible Clause 2					\$250
HO-101 (Replacement Cost)					Attached
Base Premium					\$222,000
Protection/Construction Factor					x 1.100
					\$244,200
Amount of Insurance Factor (with increased Coverage B)					x 4.886
					\$1,193.161
Basic Benchmark Premium					\$1,193.161
Flex Factor					x 1.05
Basic Premium					\$1,253
Deductible Clause 1 (Excluded)					+ -
Deductible Clause 2 (15% of Basic Premium)					+ 188
HO-101 (5% of Basic Premium)					+ 63
Total Premium					\$1,504

## Basic Premium Reduction

	Dwelling	Personal Property
Dwelling Extended Coverage Premium Chart	\$165	\$35
Dwelling Extended Coverage Territory Multiplier	x 1.953	x 1.924
Subtotal	\$322,245	\$67,340
Flex (HO-B Flex)	x 1.05	x 1.05
Gross Premium	\$338,357	\$70,707
Dwelling and Contents Combined	\$409,064	
HO-140 (Primary Residence) Factor	x 0.98	
Indicated Reduction of Basic Premium	\$401	
70% of Basic Premium	\$877	
Premium Reduction of Basic Premium (min. of previous two lines)	\$401	

## Replacement Cost Reduction

Gross Premium	\$338,357	\$70,707
Replacement Cost Surcharge	x 0.05	x 0.05
Subtotal	16,918	3,535
Dwelling and Contents Combined	\$20,453	
HO-140 (Primary Residence) Factor	x 0.98	
Indicated Reduction of Replacement Cost Endorsement	\$20	
70% of Replacement Cost Endorsement	\$44	
Premium Reduction of Replacement Cost Endorsement (min. of previous two lines)	\$20	

## Homeowners with HO-140 Attached

Basic Premium (Basic Premium - Premium Reduction)	\$852
Deductible Clause 1 (Excluded)	+ -
Deductible Clause 2 (no change)	+ 188
HO-101 (Replacement Cost Surcharge - Premium Reduction)	+ 43
Total Premium	\$1,083

Example based on premiums effective June 15, 2000

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## HOMEOWNERS

## ★ EXAMPLE OF HO-140 PREMIUM REDUCTION FOR HOMEOWNERS POLICY

## ★ Example #38

Assumptions:	HO-B	Brick Veneer	Territory 8	Protection Class 6	Flex +5%
Coverage A (Dwelling)					\$250,000
Coverage B (Personal Property)					\$150,000
Deductible Clause 1					250
Deductible Clause 2					250
HO-101 (Replacement Cost)					Attached
Base Premium					\$116,000
Protection/Construction Factor					x 1.100
					\$127,600
Amount of Insurance Factor (with increased Coverage B)					x 10.320
					\$1316.832
Basic Benchmark Premium					\$1316.832
Flex Factor					x 1.05
Basic Premium					\$1383
Deductible Clause 1 (Excluded)					+ -
Deductible Clause 2 (26% of Basic Premium)					+ 360
HO-101 (5% of Basic Premium)					+ 69
Total Premium					\$1812
Basic Premium Reduction					
		Dwelling		Personal Property	
Dwelling Extended Coverage Premium Chart		\$412.50		\$88.50	
Dwelling Extended Coverage Territory Multiplier		x 1.953		x 1.924	
Subtotal		\$805.613		\$170.274	
Flex (HO-B Flex)		x 1.05		x 1.05	
Gross Premium		\$845.894		\$178.788	
Dwelling and Contents Combined			\$1,024.682		
HO-140 (Primary Residence) Factor			x 0.98		
Indicated Reduction of Basic Premium			\$1004		
70% of Basic Premium			\$968		
Premium Reduction of Basic Premium (min. of previous two lines)			\$968		
Replacement Cost Reduction					
Gross Premium		\$845.894		\$178.788	
Replacement Cost Surcharge		x 0.05		x 0.05	
Subtotal		42.295		8.939	
Dwelling and Contents Combined			\$51.234		
HO-140 (Primary Residence) Factor			x 0.98		
Indicated Reduction of Replacement Cost Endorsement			\$50		
70% of Replacement Cost Endorsement			\$48		
Premium Reduction of Replacement Cost Endorsement (min. of previous two lines)			\$48		
Homeowners with HO-140 Attached					
Basic Premium (Basic Premium - Premium Reduction)					\$415
Deductible Clause 1 (Excluded)					+ -
Deductible Clause 2 (no change)					+ 360
HO-101 (Replacement Cost Surcharge - Premium Reduction)					+ 21
Total Premium					\$786

Example based on premiums effective June 15, 2000

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## HOMEOWNERS

EXAMPLE OF HO-140 PREMIUM REDUCTION FOR HOMEOWNERS POLICY  
WITH OPTIONAL LARGE DEDUCTIBLE OF 2.0%

## ★ Example #4

Assumptions:	HO-B	Brick Veneer	Territory 9	Protection Class 6	Flex +5%
Coverage A (Dwelling)					\$100,000
Coverage B (Personal Property)					\$60,000
Deductible Clause 1					2.0%
Deductible Clause 2					2.0%
HO-101 (Replacement Cost)					Attached
Base Premium					\$222,000
Protection/Construction Factor					x 1.100
					\$244,200
Amount of Insurance Factor (w/ increased Coverage B)					x 4.886
					\$1,193.161
Basic Benchmark Premium					\$1,193.161
Flex Factor					x 1.05
Basic Premium					\$1,253
Deductible Clause 1 (Excluded)					+ -
Deductible Clause 2 (11% Credit)					+ (138)
HO-101 (5% of Basic Premium)					+ 63
Total Premium					\$1,178

## Basic Premium Reduction

Dwelling Extended Coverage Premium Chart	Dwelling	Personal Property
Dwelling Extended Coverage Territory Multiplier	\$165	\$35
	x 1.953	x 1.924
Subtotal	\$322,245	\$67,340
Flex (HO-B Flex)	x 1.05	x 1.05
Gross Premium	\$338,357	\$70,707
Dwelling and Contents Combined	\$409,064	
HO-140 (Primary Residence) Factor	x 0.98	
Indicated Reduction of Basic Premium	\$401	
70% of Basic Premium	\$877	
Premium Reduction of Basic Premium (min. of previous two lines)	\$401	

## Replacement Cost Reduction

Gross Premium	\$338,357	\$70,707
Replacement Cost Surcharge	x 0.05	x 0.05
Subtotal	16,918	3,535
Dwelling and Contents Combined	\$20,453	
HO-140 (Primary Residence) Factor	x 0.98	
Indicated Reduction of Replacement Cost Endorsement	\$20	
70% of Replacement Cost Endorsement	\$44	
Premium Reduction of Replacement Cost Endorsement (min. of previous two lines)	\$20	

## Homeowners with HO-140 Attached

Basic Premium (Basic Premium - Premium Reduction)	\$852
Deductible Clause 1 (Excluded)	+ -
Deductible Clause 2 (no change)	+ (138)
HO-101 (Replacement Cost Surcharge - Premium Reduction)	+ 43
Total Premium	\$757

Example based on premiums effective June 15, 2000

## EXAMPLE OF HO-140B PREMIUM REDUCTION FOR HO-BT IN A DWELLING

## ★ Example #5

Assumptions:		HO-BT	Dwelling	Brick Veneer	Territory 9	Flex -5%	Protection Class 6
Coverage B (Personal Property)							\$20,000
Deductible Clause 3							\$100
HO-101 (Replacement Cost)							Attached
Tenant Base Rate							\$38.000
Protection/Construction Factor							x 1.100
							\$41.800
Amount of Insurance Factor							x 1.530
							\$63.954
Basic Benchmark Premium							\$63.954
Flex							x 0.95
							\$60.756
Basic Premium (Rounded)							\$61
Deductible Clause 3 (18% of Basic Premium)							+ 11
HO-101 (15% of Basic Premium)							+ 9
Total Premium							\$81
Basic Premium Reduction							
Extended Coverage Premium Chart 1B							\$12
Contents Extended Coverage Territory Multiplier							x 1.924
Subtotal							\$23.088
Flex (HO-BT Flex)							x 0.95
Gross Premium							\$21.934
HO-140B (Primary Residence) Factor							x 0.98
Premium Reduction of Homeowners Basic Premium							\$21
Deductible Clause 3 Reduction							
Gross Premium							\$21.934
Deductible Adjustment (Dwelling Section)							x 0.08
Subtotal							\$1.755
HO-140B (Primary Residence) Factor							x 0.98
Premium Reduction of Deductible Clause 3							\$2
Replacement Cost Reduction							
Gross Premium							\$21.934
Replacement Cost Surcharge (End No. HO-101)							x 0.15
Subtotal							\$3.290
HO-140B (Primary Residence) Factor							x 0.98
Premium Reduction of Replacement Cost							\$3
Homeowners-Tenant with HO-140B Attached							
Basic Premium (Basic Premium - Premium Reduction)							\$40
Deductible Clause 3 (Deductible Clause 3 - Premium Reduction)							+ 9
HO-101 (Replacement Cost Surcharge - Premium Reduction)							+ 6
Total Premium							\$55

Example based on premiums effective June 15, 2000

## EXAMPLE OF HO-140B PREMIUM REDUCTION FOR HO-BT IN AN APARTMENT

## ★ Example #6

Assumptions: HO-BT Apartment Brick Veneer Territory 9 Flex +20%	Protection Class 6
Coverage B (Personal Property)	\$25,000
Deductible Clause 3	\$100
HO-101 (Replacement Cost)	Attached
Tenant Base Rate	\$54.000
Protection/Construction Factor	X 1.100
	\$59.400
Amount of Insurance Factor	X 1.910
	\$113.454
Basic Benchmark Premium	\$113.454
Flex	X 1.20
Basic Benchmark Premium	\$136.145
Basic Premium	\$136
Deductible Clause 3 (20% of Basic Premium)	+ 27
HO-101 (15% of Basic Premium)	+ 20
Total Premium	\$183
Basic Premium Reduction	
Extended Coverage Rate Chart (See Note below)	0.611
50% of Building Rate	X 0.50
Subtotal	0.306
Amount of Coverage / 100	X 250
Subtotal	\$76.500
Flex (HO-BT Flex)	X 1.20
Gross Premium	\$91.800
HO-140B (Primary Residence) Factor	X 0.96
Premium Reduction of Homeowners Basic Premium	\$88
Deductible Clause 3 Reduction	
Deductible reduction does not apply to apartments, condominiums or other buildings.	
Replacement Cost Reduction	
Gross Premium	\$91.800
Replacement Cost Surcharge (End No. HO-101)	X 0.15
Subtotal	\$13.770
HO-140B (Primary Residence) Factor	X 0.96
Premium Reduction of Replacement Cost	\$13
Homeowners-Tenant with HO-140B Attached	
Basic Premium (Basic Premium - Premium Reduction)	\$88
Deductible Clause 3	+ 27
HO-101 (Replacement Cost Surcharge - Premium Reduction)	+ 7
Total Premium	\$82

Example based on premiums effective June 15, 2000

## NOTE:

- For Apartments and Condominiums:
  - If EC construction is other than WR or SWR then use 50% of the building rate (see TWIA Manual General Index). The building rate is found in Rate Table A of the TWIA Manual. Use the 80% coinsurance rate.
  - If EC construction is WR or SWR then use the contents rate (see TWIA Manual General Index). The contents rate is found in Rate Table C of the TWIA Manual. Use the 80% coinsurance rate.
- For Other Buildings:
 

Determine the rate table to be used from the TWIA General Index.



## EXAMPLE OF HO-140B PREMIUM REDUCTION FOR HO-CON

## ★ Example #7

Assumptions:	HO-CON-B Condo	Brick Veneer	Territory 9	Flex -10%	Protection Class 6
Coverage B (Personal Property)					\$50,000
Deductible Clause 3					\$250
HO-101 (Replacement Cost)					Attached
Tenant Base Rate					\$51.000
Protection/Construction Factor					x 1.100
					\$56.100
Amount of Insurance Factor					x 3.850
					\$215.985
Basic Benchmark Premium					\$215.985
Flex					x 0.90
					\$194.387
Basic Premium (Rounded)					\$194
Deductible Clause 3 (5% of Basic Premium)					+ 10
HO-101 (15% of Basic Premium)					+ 29
Total Premium					\$233
Basic Premium Reduction					
Extended Coverage Rate Chart (See Note below)					0.811
50% of Building Rate					x 0.50
					0.306
Subtotal					x 500
Amount of Coverage / 100					\$153.000
Subtotal					x 0.90
Flex (HO-CON-B Flex)					\$137.700
Gross Premium					x 0.98
HO-140 (Primary Residence) Factor					\$132
Indicated Reduction of Basic Premium					\$136
70% of Basic Premium					\$132
Premium Reduction of Basic Premium (min. of previous two lines)					\$132
Deductible Clause 3 Reduction					
Deductible reduction does not apply to apartments, condominiums or other buildings.					
Replacement Cost Reduction					
Gross Premium					\$137.700
Replacement Cost Surcharge (End No. HO-101)					x 0.15
					\$20.655
Subtotal					x 0.98
HO-140 (Primary Residence) Factor					\$20
Indicated Reduction of Basic Premium					\$20
70% of Basic Premium					\$20
Premium Reduction of Basic Premium (min. of previous two lines)					\$20
Homeowners-Condo with HO-140 Attached					
Basic Premium (Basic Premium - Premium Reduction)					\$82
Deductible Clause 3					+ 10
HO-101 (Replacement Cost Surcharge - Premium Reduction)					+ 9
Total Premium					\$81

Example based on premiums effective June 15, 2000

## NOTE:

- For Apartments and Condominiums:
  - If EC construction is other than WR or SWR then use 50% of the building rate (see TWIA Manual General Index). The building rate is found in Rate Table A of the TWIA Manual. Use the 80% coinsurance rate.
  - If EC construction is WR or SWR then use the contents rate (see TWIA Manual General Index). The contents rate is found in Rate Table C of the TWIA Manual. Use the 80% coinsurance rate.
- For Other Buildings:
 

Determine the rate table to be used from the TWIA General Index.

Step 4: If a Small Mercantile Occupancy Charge is to be applied, follow the steps below:

- Determine the Small Mercantile Occupancy rate per \$1000 from the Dwelling - Table A.
- Using the amount of insurance determine the appropriate Low Value Factor from Dwelling - Table B.
- Using the information determined in Steps a and b, determine the final small mercantile occupancy charge by multiplying the small mercantile occupancy rate times the amount of insurance (in thousands) times the Low Value Factor according to Rate & Premium Computation Rule VI.H.1.
- This charge will be added to the Benchmark Fire Premium.

### 3. Determination of Public Protection Class

a. The Public Protection Class approved by the Texas Department of Insurance and listed in the Public Protection Class Manual apply to risks insured under Texas Residential Property Programs.

- The approved protection class indicated in the manual shall apply to a municipality or classified area where a uniform class of fire protection is available. (5, 6, 7, etc.)
- In a municipality or classified area where two or more approved classifications are shown (i.e. 6/9), the classification code shall be determined as follows:

Distance to Responding Fire Station	Class
5 road miles or less with hydrant within 1,000 feet	Use first protection class listed in manual (e.g. 6/9 would use Class 6)
5 road miles or less with hydrant beyond 1,000 feet	Class 9
Over 5 road miles	Class 10

- All other properties are Class 10.

### B. Determination of Premium By Peril

Premiums for each peril shall be determined for each item of insurance.

#### 1. Fire and Lightning (Forms TDP-1, TDP-2, and TDP-3)

Step 1: Determine the rate per \$1,000 of coverage using the public protection class and the construction of the risk from Dwelling - Table A. (See Rule VI.A.1)

Step 2: Determine the Low Value Factor based on the amount of insurance from Dwelling - Table B. The Low Value Factor is an historical multiplier which is applied to the dwelling fire base rate.

NOTE: For Fire Resistive or Semi-Fire Resistive Dwelling Fire-use 60% of the Benchmark Brick Fire Premium.

NOTE: Sprinklered risks (sprinkler system installed in accordance with NFPA 13) should be submitted to the Texas Department of Insurance for applicable premium charges. For those sprinklered risks complying with NFPA 13D refer to section VI, Item C.5, for applicable credit.

Example: Brick Veneer, PPC = 10, \$5,000 in Coverage.

Rate per \$1,000	\$1.13
Multiply by Amount of Insurance (in 000's)	<u>5</u>
(round to 3 decimals)	5.650
Multiply by Low Value Factor	<u>1.18</u>
(round to 3 decimals)	6.554

Benchmark Fire Premium  
If a Small Mercantile Occupancy Charge is to be applied:

Small Mercantile Occupancy Rate per \$1,000	\$0.90
Multiply by Amount of Insurance (in 000's)	<u>5</u>
(round to 3 decimals)	4.500
Multiply by Low Value Factor	<u>1.18</u>
(round to 3 decimals)	5.220

Benchmark Fire Premium Including Small Mercantile Occupancy Charge (6.554 + 5.220) **\$11.774**

#### 2. Extended Coverage - (Forms TDP-1, TDP-2 & TDP-3) including the perils of Windstorm, Hurricane, Hail, Explosion, Aircraft and Vehicles, Riot and Civil Commotion, Sudden and Accidental Damage from Smoke.

Step 1. Using the amount of insurance and construction of the risk (see Rule VI.A.1), determine the base premium from Premium Chart No. 1A (Building) or Premium Chart No. 1B (Contents).

Step 2. Multiply the appropriate territorial multiplier shown on the Dwelling Extended Coverage Territorial Multiplier page times the base premium times the applicable deductible adjustment factor to determine the Benchmark Extended Coverage Premium according to Rate & Premium Computation Rule VI.H.1.

Step 3: Multiply the rate per \$1,000 times the amount of insurance (in thousands) times the Low Value Factor to determine the Benchmark Fire Premium according to Rate & Premium Computation Rule VI.H.1.

H. Rate & Premium Computation Rule

1. Premium Computation: Calculate the premium for each peril, coverage and exposure for which a separate premium is shown on the policy, regardless of the policy term, as follows:
  - a. Begin with the base premium from the premium charts and tables.
  - For new policies, use the base premium in effect on the policy inception date.
  - For renewal policies, use the base premium in effect on the policy renewal effective date.
  - b. Apply any factors and multipliers consecutively.
  - c. Round the result of each step (as marked by an asterisk \* in the example) to the third decimal place. Five tenths or more of a mill shall be considered one mill. (Example: \$0.1245=\$0.125).
  - d. Round the resulting basic policy premium for each peril, coverage or exposure to the nearest whole dollar. Five hundred mills or more shall be rounded to the next higher dollar. (Example: \$100.500=\$101.00 but \$100.499=\$100.00)
  - e. Apply any pro rata factor or policy term factor before rounding the resulting premium for each peril, coverage or exposure.

2. Rate Calculations

- a. Factors or multipliers which are applied to rates shall be applied consecutively and not added together.
- b. Round the result of each step of the rate calculation to three decimal places. Five tenths or more of a mill shall be considered one mill. (Example: 0.1245=0.125).

EXAMPLE

Texas Dwelling Policy premium based on a TDP-3, Territory 9, Brick Veneer Construction, current Protection Class 6, plus 5% flex and \$250.00 deductible, using the benchmark rates and rating factors in effect as of February 1, 1998:

Coverage A \$50,000

Fire Premium  
Base Fire Rate per \$1,000 of coverage \$ .71  
Amount of Insurance (in thousands)  $\times 50$   
\$35.500\*

Low Value Factor  $\times 1.00$   
\$35.500\*

Benchmark Fire Premium \$35.500\*

$\times 1.05$   
\$37.275\*

Total Fire Premium Rounded \$37.00

Extended Coverage Premium  
Base Extended Coverage Premium \$83.00

Extended Coverage Territory Multiplier  $\times 1.484$   
\$123.172\*  
Deductible Adjustment (16%)  $\times 1.16$

Benchmark Extended Coverage Premium \$142.880\*

Flex  $\times 1.05$   
\$150.024\*

Total EC Premium w/250 Deductible (Rounded) \$150.00

All Risk Premium  
Base All Risk Premium \$43.00  
All Risk Territory Multiplier  $\times 2.322$   
\$99.846\*

Deductible Adjustment (16%)  $\times 1.16$

Benchmark All Risk Premium \$115.821\*

Flex  $\times 1.05$   
\$121.612\*

Total All Risk Premium w/250 Deductible (Rounded) \$122.00

Endorsement  
Endorsement TDP-009 \$12.00

Flex  $\times 1.05$   
\$12.600\*

Endorsement Charge (Rounded) \$13.00

Total Policy Premium (\$37+\$150+\$122+\$13) \$322.00

L. Interpolation of Premium

1. Premiums for any amount of insurance in excess of the minimum policy amount, not shown in the Premium Charts may be obtained by interpolation.
2. Method of Interpolation. A premium is desired for a policy amount of \$57,000 which falls between \$55,000 and \$60,000 shown in the extended coverage chart. In other words, the desired amount is \$2,000 above the \$55,000 shown. See following example:

Example:

Difference in Amount of Insurance (\$60,000 - \$55,000) \$5,000

Premium for \$60,000 \$119  
Premium for \$55,000 \$109

Difference in Premiums (\$119-\$109) \$10

Number of \$100 intervals between \$60,000 and \$55,000 (\$5,000/100) 50

Premium per \$100 of insurance between \$55,000 and \$60,000 (\$10/50) \$0.20

Number of \$100 intervals in \$2,000 (\$2,000/100) 20

Amount to be added to premium (20 x 0.20) \$4.00

Base premium to charge for \$57,000 (Premium for \$55,000+ Amount to be added = \$109 + \$4) \$113.00

J. Change in Hazard

1. Change in Hazard is construed to be:
  - a. Any physical change in the building structure.
  - b. Removal of property from one location to another.
  - c. Change of owner or tenant occupancy which are subject to a Tenant Occupancy Charge.

- d. The installation of a new hydrant within required distance of a risk previously over required distance.
2. The following procedure shall be used to determine the additional or return premium to be charged or credited for a change in hazard.

- Step 1. Determine the premium for the old hazard, using premium at current rates  
and public protection class applicable before the change in hazard.
- Step 2. Determine the new premium for the policy, using premium at current rates  
and public protection class applicable after the change in hazard.
- Step 3. Subtract the premium determined in Step 1 from that determined in Step 2 and pro rate the difference. The result will be the additional or return premium to be charged or credited for the change in hazard.

**NOTE 1:** Extension of city limits does not constitute a Change in Hazard. The application of a reduced rate or premium to existing policies covering risks within such extended areas may not be made unless there is a hydrant within required distance of the risk at the time of annexation, or unless there is a change in hazard of the individual risk after date of annexation.

**NOTE 2:** Existing policies must be endorsed to reduced rate or premium for a Change in Hazard.

#### K. Mandatory Roof Covering Credits

1. Residential roof coverings meeting the impact resistance of the Underwriters' Laboratories testing criteria of U.L. Standard 2218 are eligible for the following mandatory credits to be applied to the dwelling extended coverage premium:

Territory	Class 1 Credit	Class 2 Credit	Class 3 Credit	Class 4 Credit
9	3%	5%	8%	11%
1,8,10,11	4	5	9	13
5,6,13	10	15	25	36
2,4,14	11	16	27	38
7,12,15C	12	18	30	42
3,15N,16C,16N,17 18,19C,19N,20	13	20	33	46

The roof covering credit and applicable premium credit applied must be shown on the declarations page of the policy. The above credits reduce the extended coverage premium and are applied before any other adjustments to the extended coverage premium.

Credits apply only on policies insuring a risk that replacement of the existing roof covering on a residence is with a new roof covering(s) meeting U.L. Standard 2218 or is new residential construction which includes the installation of a roof covering meeting U.L. Standard 2218.

The credits outlined in the table in item K-1 will be reviewed at such time as credible statistical data becomes available but not later than 5 years from the effective date of the implementation of the credits. The credits may be modified if the statistical data indicates modifications are needed.

**Note:** Other impact or hail resistance testing standards approved by the Texas Department of Insurance may be substituted for the U.L. Standard 2218. Testing to U.L. Standard 2218 or other acceptable standards may be accomplished by a testing facility recognized and approved by the Texas Department of Insurance based on standards for testing laboratories adopted by the Department.

2. A certificate of installation, promulgated by the Texas Department of Insurance, must be provided to the policyholder by the installer of the roof covering. All information on the certificate must be completed and signed by the individual responsible for the installation of the roof covering.
3. A policyholder may present the certificate of installation to an insurer for the application of the mandatory credit as provided in the table in item K-1. Presentation of a certificate of installation does not preclude an insurer from inspecting the risk for verification of roof covering installation.
4. **Product Labeling.** In order for mandatory roof covering credits to be applicable for dwelling insurance, roof coverings meeting U.L. Standard 2218 or any other test standard for impact resistance approved by TDI which are installed on and after January 1, 1999 must meet the following labeling requirements. All individual shingles, tiles, shakes, panels, sheets, etc., of roof coverings must bear the Underwriters' Laboratories label or the label of a testing laboratory approved by TDI indicating the classification of the product under U.L. Standard 2218 and the manufacturer's name, the year manufactured and the brand name. For roof coverings meeting U.L. Standard 2218 which are installed prior to January 1, 1999, only the package containing the roof covering products is required to be labeled. The package must bear the Underwriters' Laboratories label or the label of a testing laboratory approved by TDI indicating the classification of the product under U.L. Standard 2218 and the manufacturer's name, the year manufactured and the brand name.
5. It shall be optional with insurers to provide credits for impact resistant roof coverings installed prior to February 17, 1998. The optional credits given for impact resistant roof coverings installed prior to February 17, 1998 shall be within the range of credits outlined in the table in item K-1. Insurers may request from insureds, who apply for this optional credit, information regarding the installation of the impact resistant roof covering including but not limited to the date of installation, verification of the installation, and type of impact resistant roofing material installed. Any roof covering that is replaced on or after February 17, 1998 shall meet U.L. Standard 2218 in order for the property owner to receive the credit.
6. The credits program with its certification process is solely for the purpose of enabling residential property owners to obtain a reduction in their residential insurance premium and it is not intended by the Department to require or create any type of express or implied warranty by the manufacturer, supplier, or installer.
7. **Endorsement TDP-022, Exclusion of Cosmetic Damage to Roof Coverings Caused by Hail,** is an optional endorsement which may be attached only to a policy insuring a risk eligible and receiving premium credit for the installation of an impact resistant roof covering in order to exclude cosmetic damage caused by hail.

- a. Endorsement TDP-022 may be attached at the inception date of a new policy, the inception date of a renewal policy or during the term of the policy on the date a roof covering premium credit is applied to the policy.
- b. Endorsement TDP-022 must be signed by the insured before attachment to a policy. The endorsement is void unless signed by the insured. An insurer shall be permitted to attach to a policy a facsimile copy, photocopy or electronic record copy of the endorsement executed by the named insured. A signature is not required on the endorsement attached to the policy if the insurer maintains on file either the original endorsement executed by the insured or a photocopy, microfilm copy, or electronic record copy of the original endorsement executed by the insured.
- c. If a risk is eligible to receive a premium credit for the installation of an impact resistant roof covering, but the insured declines to sign for the attachment of the Endorsement TDP-022, the insurer may offer to issue the policy without the application of a mandatory or optional roof covering credit.
- d. An insurer must inform a consumer of the possibility that cosmetic loss or damage may be excluded from the policy in the event any loss occurs to a roof and the damaged roof is replaced with a hail resistant roof covering.

All Risk Premium	
Base All Risk Premium	\$43.00
All Risk Territory Multiplier	$\times 2.322$ \$99.846*
Deductible Adjustment (16%)	$\times 1.16$
Benchmark All Risk Premium	\$115.821*
Flex	$\times 1.05$ \$121.612*
Total All Risk Premium w/250 Deductible (Rounded)	\$122.00
Endorsement	
Endorsement TDP-009	\$12.00
Flex	$\times 1.05$ \$12.600*
Endorsement Charge (Rounded)	\$13.00
Total Policy Premium (\$37+\$143+\$122+\$13)	\$315.00

EXAMPLE (Roof Credit Applicable)

Texas Dwelling Policy premium based on a TDP-3, Territory 9, Brick Veneer Construction, Class 2 Roof Covering, current Protection Class 6, plus 5% flex and \$250.00 deductible, using the benchmark rates and rating factors in effect as of February 1, 1998:

Coverage A \$50,000

Fire Premium	
Base Fire Rate per \$1,000 of coverage	\$ .71
Amount of Insurance (in thousands)	$\times 50$ \$35.500*

Low Value Factor

Benchmark Fire Premium	\$35.500*
Flex	$\times 1.05$ \$37.275*
Total Fire Premium Rounded	
Extended Coverage Premium	
Base Extended Coverage Premium	\$83.00
Extended Coverage Territory Multiplier	$\times 1.484$ \$123.172*
Roof Covering Credit (5%) (123.172 $\times$ 0.05 = 6.159)	$\times 6.159$ \$117.013
Deductible Adjustment (16%)	$\times 1.16$ \$135.735
Benchmark Extended Coverage Premium	\$135.735*
Flex	$\times 1.05$ \$142.522*
Total EC Premium w/250 Deductible (Rounded)	\$143.00

ADDITIONAL EXAMPLES OF  
PREMIUM CALCULATION FOR TEXAS DWELLING COVERAGES

★ Example #1

Policy Information

<u>Coverage</u>	<u>Limits</u>
Fire (Dwelling)	\$75,500
Extended Coverage (Dwelling)	\$75,500
Vandalism & Malicious Mischief (Dwelling)	\$75,500
<u>Deductible</u>	<u>Amount</u>
Deductible Adjustment - EC, V&MM	\$250
<u>Surcharges</u>	<u>Surcharge %</u>
Mobile Home Surcharge	+25.0%
<u>Credits</u>	<u>Credit %</u>
Optional Dry Hydrant Credit	-10.0%
Sprinklered Risk Credit	-12.0%
TDP-001 - Wind Exclusion	-91.0%
<u>Additional Premium Modifications</u>	
Public Housing	
Tenant Occupancy of Dwelling	
Small Mercantile Occupancy of Dwelling	
Not an FR/SFR Risk	

Rating Information

Construction Type	BV
Protection Class	10
Territory	9
Flex Percentage	+5.0%
Policy Term	1 year

Fire Premium Calculation

Base Fire Premium (Dwl Table A)	\$1.370
Amount of Insurance (in 000's)	<u>75.500</u>
	(round to three decimals) \$103.435
Low Value Factor (Dwl Table B)	<u>1.000</u>
	(round to three decimals) \$103.435
Public Housing Credit Factor	<u>0.280</u>
	(round to three decimals) \$26.893
Tenant Occupancy Surcharge (Premium Chart No. 18)	<u>\$2.280</u>
	(round to three decimals) \$29.173
Mobile Home Surcharge Factor	<u>1.250</u>
	(round to three decimals) \$36.486
Small Mercantile Occupancy Surcharge	(see small mercantile below) <u>\$102.869</u>
	(round to three decimals) \$139.335
Flex Percent Factor	<u>1.05</u>
Normal Fire Premium	(round to three decimals) \$146.302
Actual Fire Premium (Rounded)	\$146

Small Mercantile Occupancy Surcharge

Small Mercantile Occupancy Charge (Dwl Table A)	\$1.090
Amount of Insurance (in 000's)	<u>75.500</u>
	(round to three decimals) \$82.295
Low Value Factor (Dwl Table B)	<u>1.000</u>
	(round to three decimals) \$82.295
Mobile Home Surcharge	<u>1.250</u>
	(round to three decimals) \$102.869
Small Mercantile Occupancy Surcharge	\$102.868

ADDITIONAL EXAMPLES OF  
PREMIUM CALCULATION FOR TEXAS DWELLING COVERAGES

★ Example #2

Policy Information

<u>Coverage</u>	<u>Limits</u>
Fire (Dwelling)	\$75,500
Fire (Personal Property)	\$15,000
Extended Coverage (Dwelling)	\$75,500
Extended Coverage (Personal Property)	\$15,000
Additional Extended Coverage (Personal Property)	\$15,000
Physical Loss Form (Dwelling)	\$75,500
<u>Deductible</u>	<u>Amount</u>
Deductible Adjustment - EC (Dwelling), PLF (Dwelling)	\$250
Deductible Adjustment - EC (Contents), AEC (Contents)	1%
<u>Surcharges</u>	<u>Surcharge %</u>
Mobile Home Surcharge	+25.0%
<u>Credits</u>	<u>Credit %</u>
Optional Dry Hydrant Credit	- 10.0%
Sprinklered Risk Credit	- 12.0%
TDP-001A - Wind Exclusion	- 98.0%
<u>Additional Premium Modifications</u>	
Public Housing (Dwelling Only)	
Tenant Occupancy of Dwelling	
Small Mercantile Occupancy of Dwelling	
Not an FR/SFR Risk	

Rating Information

Construction Type	BV
Protection Class	10
Territory	9
Flex Percentage	+5.0%
Policy Term	1 year

Fire Premium Calculation

		<u>Dwelling</u>	<u>Personal Property</u>
Base Fire Premium (Dwl Table A)		\$1,370	\$1,370
Amount of Insurance (in 000's)		X 75,500	X 15,000
	(round to three decimals)	\$103,435	\$20,550
Low Value Factor (Dwl Table B)		X 1,000	X 1,000
	(round to three decimals)	\$103,435	\$20,550
Public Housing Credit Factor (Dwelling Only)		X 0.280	X 1,000
	(round to three decimals)	\$28,963	\$20,550
Tenant Occupancy Surcharge (Premium Chart No. 18)		+ \$2,280	+ \$2,280
	(round to three decimals)	\$29,173	\$22,830
Mobile Home Surcharge Factor		X 1.250	X 1,250
	(round to three decimals)	\$36,468	\$28,538
Small Mercantile Occupancy Surcharge	(see small mercantile below)	+ \$102,868	+ \$20,438
	(round to three decimals)	\$139,335	\$48,976
Flex Percent Factor		X 1.05	X 1.05
Normal Fire Premium	(round to three decimals)	\$146,302	\$51,425
Actual Fire Premium (Rounded)		\$146	\$51

**TX-E. COMPRESSED AIR FOAM SYSTEM (CAFS) .....30%**

**Compressed Air Foam System, when carried and used in the extinguishment of all structure fires ..... 30%**

To be eligible for points for compressed air foam systems the following criteria shall be met:

- Apparatus meets general criteria in NFPA 1901 for use for structural fire fighting (Class A Pumper);
- Apparatus has a minimum 500 gpm fire pump;
- Apparatus has a minimum 120 scfm air compressor, permanently mounted;
- Apparatus has a minimum 2.5 gpm Class A foam concentrate pump;
- Apparatus has a minimum 20 gallon foam tank for Class A Foam;
- At least one apparatus equipped with CAFS unit must respond on all structure fires on first alarm assignment

Note: Where multiple apparatus are assigned to respond to a structure fire on the first alarm assignment, this means that out of 3 (or more) apparatus initially responding from the assigned area, at least one of the apparatus must be equipped with CAFS unit;

- All applications of Class A Foam must be in accordance with manufacturer's specifications

**TX-F. TEXAS ADDENDUM CREDIT (CTX), up to.....6.5 points**

**Prorated Addendum Credit (6.5 points) applied to Total FSRS Points.**

$$CTX = \frac{FPCE + FI + PFSE + CCE + CAFS}{130\%} \times 6.5$$